

April 22, 2009

Higher Education Affordability: Fees and Financial Aid

LEGISLATIVE ANALYST'S OFFICE

Presented to:

Assembly Budget Subcommittee No. 2

On Education Finance

Hon. Wilmer Amina Carter, Chair





Budget Assumes Fee Increases

- ☑ Enacted budget assumes over \$300 million in new fee revenue based on proposed fee increases for 2009-10.

Annual Education Fees for Full-Time Resident Students					
<i>2008-09 Through 2009-10</i>					
	2008-09	2009-10 ^a	Change		Projected New Fee Revenue
			Amount	Percent	
University of California					\$166 million
Undergraduate	\$7,126	\$7,788	\$662	9.3%	
Graduate	7,986	8,736	750	9.4	
Hastings College of the Law	\$26,003	\$29,383	\$3,380	13.0%	\$4.2 million
California State University					\$130 million
Undergraduate	\$3,048	\$3,354	\$306	10.0%	
Teacher Credential	3,540	3,894	354	10.0	
Graduate	3,756	4,134	378	10.1	
Doctoral	7,926	7,926	—	—	
California Community Colleges	\$600	\$600	—	—	—

^a Proposed.

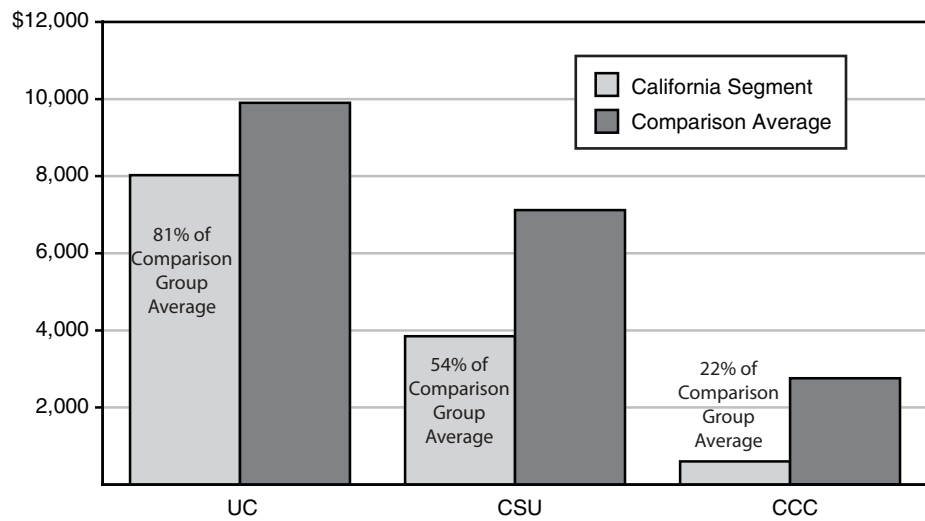


California Higher Education Affordability Compares Favorably With Other States

- ☑ California's public college and university fees are relatively low.

Average Tuition and Fees at California's Public Segments And Their Public Comparison Institutions

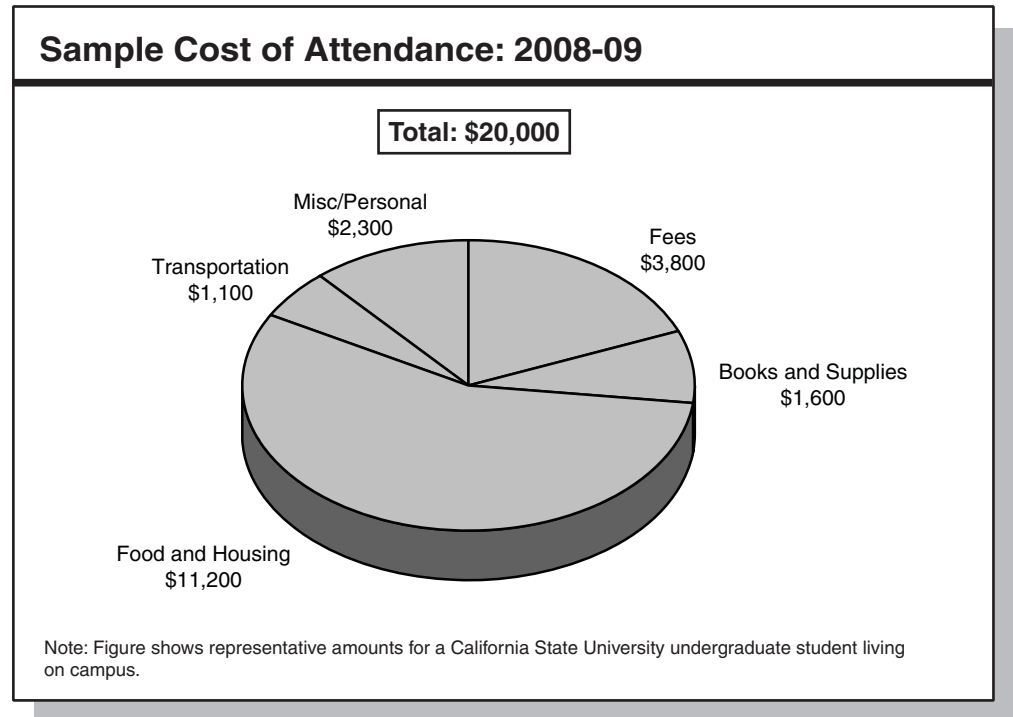
2008-09 Academic Year





California Higher Education Affordability Compares Favorably With Other States

- ☑ Room and board make up biggest share of cost of attendance.

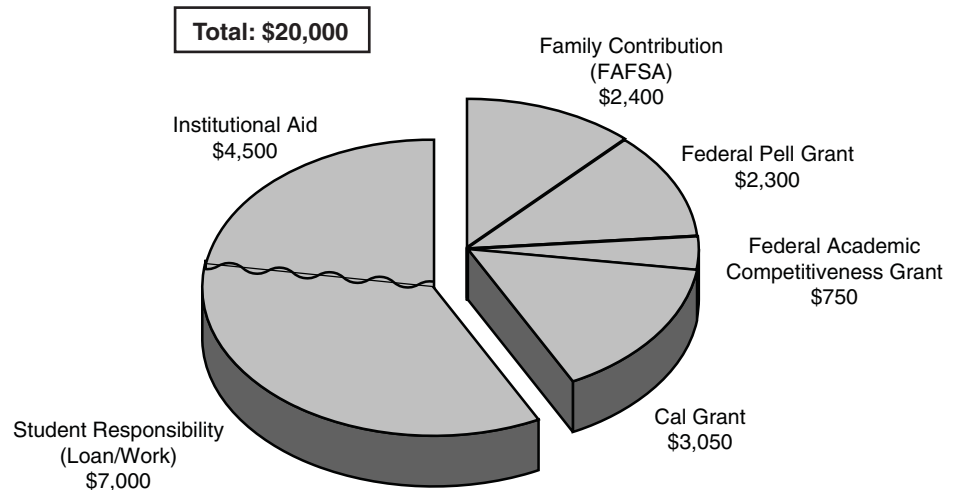


- ☑ Ranks in the middle of states for the percent of family income needed to pay college expenses (after financial aid) for full time undergraduates at four-year public colleges.
- ☑ Ranks in top one-third of states in the amount of state need-based aid provided, compared with federal need-based aid.
- ☑ Overall ranks best among states for affordability, mostly due to low-cost options for students through community colleges.



Campuses Package Aid to Help Students Meet Their Costs of Attendance

Sample Financial Aid Package: 2008-09



Note: Figure shows representative amounts for a California State University undergraduate student from a family of four with modest income and assets (\$45,000 and \$20,000, respectively), living on campus.



Budget Maintains Student Financial Aid Programs

- Legislature rejected the Governor's proposed cuts to the Cal Grant Program, which included:
 - Eliminating new competitive awards (\$52.9 million).
 - Decoupling grant amounts from fee increases (\$16.6 million).
 - Reducing private college awards (\$11 million).
 - Freezing income eligibility levels (\$7 million).

- Governor has re-introduced these proposed cuts in an April Finance Letter.

- A 19 percent increase in volume of financial aid applications this spring means additional funds will be needed for entitlement awards.



Most Undergraduates Receive Financial Aid

- More than 60 percent of UC students, about half of CSU students, and about one-third of CCC students receive some form of aid.

Major Sources of Financial Aid Undergraduate Participation			
<i>2007-08</i>			
	UC	CSU	CCC^a
Federal Pell Grants	31%	29%	10%
Federal subsidized loans	33	25	1
Institutional aid / BOG waiver	39	24	28
Cal Grants	27	15	2
Federal work-study	9	2	<1
Federal campus-based aid	7	5	2

^a The CCC column reflects participation by program as a proportion of credit headcount. Some of the students counted in this calculation are in programs that do not qualify for federal aid, and many are part-time students taking a small number of credit units. For these reasons, participation rates are not directly comparable with those of UC and CSU students.

- California's overall participation rate for Pell Grants is only two-thirds of the rate for other states.



Public Awareness and Outreach Programs Must Be Responsive

- ☑ Federal stimulus package includes expanded Pell Grant awards and eligibility, expanded tax credit for college-related costs, and additional work-study funds.

- ☑ Financial aid awareness and college outreach programs can help to inform students and parents about these opportunities.
 - California Student Aid Commission (CSAC) and EdFund—publications, media and training for high school and college counselors.
 - Higher education segments—college awareness, readiness, and financial aid outreach programs.
 - California Student Opportunities and Access Program (Cal-SOAP).
 - California Cash for College.